

**STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Bulletin 2010-01-INS**

**In the matter of**

**Designated Responsible Licensed  
Producer Affiliations**

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**Issued and entered  
this 7<sup>th</sup> day of January 2010  
By Ken Ross  
Commissioner**

MCL 500.1205(2)(b) requires a producer business entity applicant to identify a designated responsible licensed producer (DRLP) in order to obtain licensure. The DRLP is responsible for the business entity's compliance with state insurance laws, rules and regulations. Because the DRLP will be held responsible for the activity of the business entity, it is imperative that the DRLP understand the responsibility associated with the designation and that the DRLP have sufficient authority to ensure the agency's compliance with the state's laws, rules and regulations. The DRLP must hold the same line or lines of authority for which they are being designated. An agency may have multiple DRLPs. A single DRLP or a combination of DRLPs together must hold all the lines of authority that the business entity holds. At least one DRLP must be designated for each line of authority the business entity holds.

Historically, the Office of Financial and Insurance Regulation (OFIR) considered the licensed producer business entity in compliance with the DRLP requirement if it simply had at least one affiliated licensed producer for each line of authority. However, because the statute requires the agency to designate a DRLP, it is necessary for OFIR to change its process to conform with the statute.

Therefore, effective immediately each producer business entity (agency) license applicant will be required to designate one or more individuals as the agency's designated responsible licensed producer for each line of authority for which the agency is applying. Licensure will not be granted in any line for which the applicant has not identified a DRLP.

For all currently licensed business entities, a mailing to each entity will be forthcoming that will identify the lines of authority the agency now holds and advise that the agency must designate a DRLP for each line of authority. A DRLP may be designated by submitting to OFIR the

Insurance Business Entity Affiliate Disclosure, FIS-0200 form. All such designations must be completed by April 1, 2010.

After April 1, 2010, when one of the situations outlined below comes to the attention of OFIR, the business entity will be sent a notice advising of the situation and will be given 14 days (the "14-day notice") within which to cure the situation or designate a replacement DRLP:

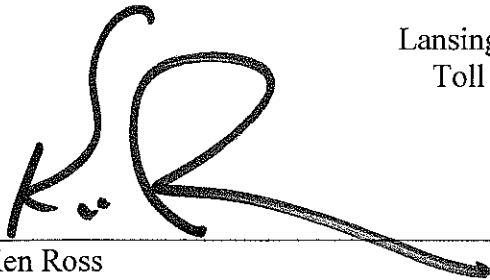
- The only DRLP of the agency loses a line of authority that the business entity holds;
- The DRLP becomes inactive due to noncompliance with continuing education or any other reason;
- The DRLP leaves the agency;
- The business entity no longer has a DRLP for one or more of its lines of authority.

After the designation of a replacement DRLP is received by OFIR, the business entity and the DRLP will be notified by OFIR of the recording of the new designation and an updated license will be generated and mailed to the business entity identifying all current DRLPs.

If the business entity does not respond to the 14-day notice, OFIR will issue a Notice of Opportunity to Show Compliance (NOSC) to the licensed business entity. The business entity must respond to the NOSC within 21 days. If the business entity does not respond or does not show compliance, enforcement action will be taken to suspend the agency license for all lines of authority for which a DRLP is not designated.

Any questions regarding this bulletin should be directed to:

Office of Financial and Insurance Regulation  
Insurance Licensing Section  
611 West Ottawa Street  
P.O. Box 30220  
Lansing, Michigan 48909-7720  
Toll Free: (877) 999-6442

A handwritten signature in black ink, appearing to be 'K. Ross', written over a horizontal line.

Ken Ross  
Commissioner